

Air finance Journal



GETTING SWEETER: TASTING SUCCESS IN ASIA

JOLS MAKE A COMEBACK
MACQUARIE CLOSES \$1.6 BN ACQUISITION FACILITY
RBS CUTS LOOSE WITH IBERCRAFT SECURITIZATION

Lease Corporation International



LCI has taken delivery of an A340 (with a serial number of 787), which is currently on lease to Virgin Atlantic

Lease Corporation International (LCI) is another example of what happens when an international conglomerate expands its transportation expertise to include aviation.

Established in spring 2004, the lessor appointed Crispin Maunder, formerly executive vice-president of sales and marketing at Awas, as chairman in October and has recently taken delivery of an A340, which is on lease to Virgin Atlantic.

He joined Tasos Michael, portfolio manager, who has progressively built up most of the portfolio since 2004. Michael is experienced in both structured

finance and the leasing industry.

Owned by the Libra Group, an international group specializing in transport, property and hotels, LCI emerged from a review of the aircraft leasing market post-9/11.

The company first took delivery of three aircraft, with leases attached, from ILFC, then a further seven aircraft from the same lessor, followed by another six aircraft from a range of lessors. The weighted average age of the portfolio is three years.

LCI is one of the largest privately owned lessors, with assets both owned and managed, totalling \$1 billion. The company

has a joint venture with Ofer Aviation for several narrowbody aircraft. LCI is concentrating on aircraft that are core to the operator's fleet. "This provides us with a good level of comfort over a medium time period," says Maunder.

This does not always appear to be the case, as shown by Austrian Airlines' decision to cease operating the widebodies, leaving the lessor to remarket the aircraft. But it is not frightened of widebodies and intends being a long-term player.

LCI recently purchased offices in Dublin to enforce its commitment to the business.

In the two years since its establishment, the lessor has been reducing its exposure by managing the credit spectrum and looking at young and liquid aircraft.

"We look at a downturn as a time to invest," says Maunder. "Asset risk is what defines the operating lessor, but we stick with good credits in order to focus on asset risk."

LCI is seeing a short- to medium-term demand for A330 aircraft as the market awaits news about the A380. Like Ofer Aviation, it too has a good relationship with NordLB.

"Our focus in on building the company's infrastructure as to date the portfolio has been managed by ILFC, IBA and Sale," says Maunder. "Having reached the \$1 billion mark, we now want to build our own infrastructure and manage our own portfolio. Ireland is being recognized as a good leasing jurisdiction for tax treaties with other countries. Our aim is to be where the business is, hence our offices in Dublin."

LCI is maintaining a long-term view of the aviation market. Maunder says: "We are a young company and are open to look at innovative structuring of transactions, beyond that of the traditional operating lease." ■

LCI's fleet

| | |
|----------|-----------------|
| A319-100 | Air France |
| A319-100 | Finnair |
| A319-100 | Iberia |
| A319-100 | Kingfisher |
| A319-100 | Kingfisher |
| A320-200 | British Airways |
| A320-200 | British Airways |
| A320-200 | British Airways |
| A320-200 | British Airways |
| A320-200 | Finnair |
| A320-200 | Spanair |
| A330-200 | Austrian |
| A340-300 | Air France |
| A340-600 | Virgin Atlantic |
| A340-600 | Virgin Atlantic |
| 737-300 | Shenzen |
| 737-700 | Omanair |
| 737-700 | Shanghai |